Auditing and Balancing a 3-Statement Model

Module 5: Sign Switching

Term	Definition
Accounts Payable Cash Flow Treatment	An increase in accounts payable is a cash inflow, while a decrease is a cash outflow.
Accounts Receivable Cash Flow Treatment	An increase in accounts receivable is a cash outflow, while a decrease is a cash inflow.
Capex on Cash Flow Statement	Capital expenditures are recorded as cash outflows on the cash flow statement.
Ctrl+[	Excel shortcut to trace precedents and identify the cells referenced by the active cell.
Dividends on Cash Flow Statement	Dividends paid are recorded as cash outflows on the cash flow statement.
F5 Shortcut	Excel shortcut to open the Go To menu, which can also be used to return to a previously selected cell.
Inventory Cash Flow Treatment	An increase in inventory is a cash outflow, while a decrease is a cash inflow.
Sign Switching Errors	Mistakes in assigning positive or negative signs to cash flow items, which can imbalance financial models.
Working Capital Cash Flow Dynamics	Increases in assets are cash outflows, decreases are inflows; for liabilities, increases are inflows and decreases are outflows.
Working Capital Schedule	A detailed breakdown of changes in working capital items and their impacts on cash flow.